

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6861

BILL NUMBER: HB 1122

DATE PREPARED: Mar 23, 2001

BILL AMENDED: Feb 12, 2001

SUBJECT: Insurance Coverage for Autism.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires that (1) the group health insurance and group health plans for state employees, (2) group health insurers, and (3) group health maintenance organization (HMO) contracts provide coverage for treatment of "pervasive developmental disorders" (PDD's) - defined as neurological conditions, including Asperger's Syndrome and Autism. The bill prohibits such coverage from being subject to dollar limits, deductibles, copayments, or coinsurance provisions that are less favorable than those applying to physical illness generally under the health insurance or plan.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill potentially could increase the premium cost incurred by the state in providing health insurance benefits to state employees. The additional annual cost to the state as a result of the bill is estimated to range from a low of approximately \$170,734 to a high of approximately \$1.89 M. Approximately 55% of this total (\$93,519 to \$1.04 M annually) would be paid from the state General Fund, and about 45% of the total (\$76,830 to \$850,000 annually) would come from dedicated funds. The estimated range specified above is derived from estimates by Anthem Insurance and the Florida Division of Group Insurance for similar legislation proposed last year. The median of these cost estimates is approximately \$638,014. It is important to note that the precision of these estimates is uncertain due to: (1) The apparent absence of standard treatment plans for Autism and other PDD's from which to determine utilization and service costs; and (2) the variability in empirical estimates of the frequency of autism in the population (see below under *Background on Autism Frequency*).

Background on Cost Estimates: The bill potentially could have an impact on future costs faced by health plans providing health benefits to state employees. These additional costs would presumably be passed through to the state and state employees via higher premiums and enrollment fees. The information presented below is based on: (1) An estimate of the impact of extending insurance coverage to treatment of Autism and Asperger's Syndrome in the private group and individual insurance market in Indiana by Anthem Insurance;

and (2) an estimate of the impact of similar legislation on Florida's state employee health plans by the Florida Division of Group Insurance. The Florida analysis was performed in 2000 for proposed legislation to require coverage of autism spectrum disorders including Asperger's syndrome and Rett's syndrome.

Anthem's analysis suggests that costs would increase by \$1.31 per contract per month to \$4.88 per contract per month. This estimate assumes that the frequency rate for Asperger's Syndrome and Autism in Indiana is 1 in 250, or 0.4%. The estimate assumes that the cost per treatment for these disorders is \$75. It also assumes that the frequency of treatment for individuals aged five and younger is six hours per week for 30 weeks per year and individuals aged six and older 10 hours per week for 30 weeks per year. The lower bound assumes that only children aged two to eight receive treatment because: (1) Initial diagnosis tends to occur between the ages of two and three as appropriate tools for routine developmental screening and screening specifically for autism have not been available; and (2) other educational programs would be available and more prominent as the child gets older. The upper bound assumes that all individuals under the age of 21 receive treatment. As of November 2000, approximately 34,584 state employees were enrolled in one of the state health plans. Assuming that the per contract per month costs estimated for private group and individual insurers in Indiana hold for the state employee health plans, the additional annual cost of extending coverage to treatment for Autism, Asperger's Syndrome, and other PDD's could range from \$543,660 to \$2.03 M.

The Florida analysis suggests that costs would increase by \$0.44 per contract per month to \$1.67 per contract per month. The low estimate assumes a frequency rate for autism of 1 in 2000 and the high estimate assumes a frequency rate of 1 in 500. Both estimates assume a cost per hour of therapy of \$50, 15 hours of therapy per week for children age 4 or less, and 4 hours per week for children 5 or greater. If, however, the 1 in 250 frequency rate used for the previous estimates is employed, the per contract per month cost is \$3.29. The Florida estimates (including the additional estimate using a higher frequency rate) indicates that the additional annual cost of extending coverage to treatment of Autism, Asperger's Syndrome, and other PDD's could range from \$182,604 to \$1.37 M, with a median estimate of \$693,063.

By agreement with the state employees, the state agrees to pay 93.5% of any increase in the total premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase. Consequently, the state share of the estimated cost increase ranges from \$170,734 to \$1.89 M. With the state share of the median estimate totaling \$638,014. Approximately 55% of this total (\$93,519 to \$1.04 M annually) would be paid from the state General Fund, and about 45% of the total (\$76,830 to \$850,000 annually) would come from dedicated funds.

Background on Autism Frequency Rates: A substantial number of studies have been published over the last 25 years estimating the rate or frequency of autism in the population. Combined, CDC (2000) and Fombonne (1999) review 36 such studies published since 1966. The estimated frequency rate for autism established in these studies ranges from a low of approximately 1 in 14,300 to a high of 1 in 167. CDC (2000) also contains frequency rate estimates for children in Brick Township, New Jersey. For Brick Township, a frequency rate for autism is estimated to be 1 in 250, and for autism spectrum disorders 1 in 150. CDC and Fombonne suggest that much of the variability in estimated frequency rates is due to differences in research methods used in these studies. They suggest that the range in results depends primarily on how exhaustive the criteria are that researchers utilize to diagnose autism and the intensity with which researchers seek out potentially autistic individuals within the population being studied.

In addition, Fombonne shows that more recent studies using broader diagnostic tools and more intensely searching for potentially autistic individuals tend to estimate higher frequency rates. From these studies Fombonne concludes that a frequency rate of roughly 1 in 1800 is the most "robust" estimate available for

autism only. However, in studies performed since 1989, Fombonne found that the median frequency rate for autism only was about 1 in 1400. Fombonne also estimates that the frequency rate for non-autistic PDD's (excluding Asperger syndrome) is 1.6 times greater than for autism. Consequently, he estimates that the frequency rate for autism and other PDD's except Asperger syndrome is about 1 in 534. Fombonne indicates that only one epidemiological study of the frequency of Asperger syndrome has been performed. In this study, the frequency rate for "definite" cases of Asperger syndrome using common diagnostic criteria was estimated to be about 1 in 350.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. Based on the private market estimate outlined above, the estimated impact on premium costs due to coverage for treatment of Autism, Asperger's Syndrome, and other PDD's ranges from \$0.44 per contract per month to \$4.88 per contract per month. However, provision of such coverage may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Governments and School Corporations.

Information Sources: Marjorie Maginn, Anthem, 488-6351.

Florida Senate Staff Analysis and Economic Impact Statement, SB 164,
April 11, 2000.

Prevalence of Autism in Brick Township, New Jersey, 1998: Community Report.
Centers for Disease Control and Prevention, April 2000.

Eric Fombonne, The Epidemiology of Autism: A Review. Psychological Medicine,
1999, 769-786.

Eric Fombonne, Is There an Epidemic of Autism? Pediatrics, 2000, 411-413.